

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 02895 160311Z

60

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

----- 030319

O 160245Z JUL 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 486

C O N F I D E N T I A L OTTAWA 2895

EXDIS

SECSTATE PASS DOD DEPT SECDEF ELLSWORTH

E.O. 11652: GDS

TAGS: MILI, CA

SUBJ: CABINET DEFERS CP-140 DECISION, BUT IT LOOKS

LIKE GO

1. SUMMARY: CABINET CONSIDERED CP-140 CONTRACT THIS AFTERNOON JULY 15 AND ORDERED THAT THE RESPONSIBLE MINISTER (GOYER) NEGOTIATE THE INTEREST CHARGES OUT OF IT. GOYER TELLS ME TONIGHT THAT HE HAS REACHED AGREEMENT WITH LOCKHEED FOR THEM TO SWALLOW INTEREST CHARGES IN RETURN FOR AN EARLIER START IN GOC PAYMENTS. SUBJECT TO TRUDEAU'S CONCURRENCE (CABINET RECONSIDERATION NOT RPT NOT NECESSARY) CONTRACT WILL BE SIGNED JULY 21. END SUMMARY.

2. ACCORDING TO OUR INFORMANTS (SUPPLY AND SERVICES MINISTER GOYER, DEFENSE DEPUTY MINISTER NIXON, AND LOCKHEED REPRESENTATIVES) ONLY STICKING POINT IN CONTRACT WAS INCLUSION OF AN INTEREST ITEM. IN ORDER TO MAKE REVISED CONTRACT CONSISTENT WITH CANADIAN FISCAL FRAMEWORK, CONTRACT PROVIDES FOR LOCKHEED TO LOAN CANADA AGAINST INTEREST UP TO \$50 MILLION DURING LATTER THREE YEARS OF CONTRACT. PREVIOUS POLICY OF CANADIAN GOVERNMENT HAS BEEN NOT RPT NOT TO PERMIT INCLUSION OF INTEREST IN MAJOR PROCUREMENT CONTRACTS. THUS CABINET INSTRUCTION TO SERVICES AND SUPPLY MINISTER GOYER WAS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 02895 160311Z

"TO GET RID OF THE INTEREST ITEM."

3. GOYER REPORTS THAT HE REACHED AGREEMENT WITH LOCKHEED
PRESIDENT HAACK TONIGHT AT 2130 IN WHICH LOCKHEED
ABSORBS THE INTEREST, AND GOC CONTRACT PAYMENTS BEGIN
3 MONTHS IN ADVANCE. HAACK CONFIRMS.

4. IF TRUDEAU AGREES THAT CABINET INSTRUCTIONS HAVE
BEEN RESPECTED (NO CONSIDERATION BY FULL CABINET IS
REQUIRED NOW), SIGNING WILL BE WEDNESDAY JULY 21.

5. COMMENT: CABINET CONSIDERATION OF CP-140 CONTRACT
COINCIDED WITH US-CANADA ROW OVER REPUBLIC OF CHINA
ROLE IN THE OLYMPICS. DECISION TO ELIMINATE INTEREST
CHARGES EVEN AFTER TREASURY BOARD HAD ACCEPTED
THEM COULD HAVE BEEN INFLUENCED BY THE OLYMPICS ISSUE.
BUT GOYER'S QUICK CONCLUSION OF NEGOTIATIONS SUGGESTS
THAT CONTRACT IS FINALLY GOING THROUGH. REMEMBER THAT
GOYER WAS THE ENEMY OF THE LRPA CONTRACT.
ENDERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, MILITARY AIRCRAFT, CABINET MEETINGS, INVESTMENT RETURNS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OTTAWA02895
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760274-0211
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760750/aaaabrxy.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 12 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 APR 2004 by greeneet>; APPROVED <03 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CABINET DEFERS CP-140 DECISION, BUT IT LOOKS LIKE GO
TAGS: MILI, CA, LOCKHEED
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006